

Excerpt

EPACT2005

Section 353 – Gas Hydrates

42 USC 15909.

SEC. 353. GAS HYDRATE PRODUCTION INCENTIVE.

(a) **PURPOSE.**—The purpose of this section is to promote natural gas production from the natural gas hydrate resources on the outer Continental Shelf and Federal lands in Alaska by providing royalty incentives.

(b) **SUSPENSION OF ROYALTIES.**—

(1) **IN GENERAL.**—The Secretary may grant royalty relief in accordance with this section for natural gas produced from gas hydrate resources under an eligible lease.

(2) **ELIGIBLE LEASES.**—A lease shall be an eligible lease for purposes of this section if—

(A) it is issued under the Outer Continental Shelf Lands Act (43 U.S.C. 1331 et seq.), or is an oil and gas lease issued for onshore Federal lands in Alaska;

(B) it is issued prior to January 1, 2016; and

(C) production under the lease of natural gas from gas hydrate resources commences prior to January 1, 2018.

(3) **AMOUNT OF RELIEF.**—The Secretary shall conduct a rulemaking and grant royalty relief under this section as a suspension volume if the Secretary determines that such royalty relief would encourage production of natural gas from gas hydrate resources from an eligible lease. The maximum suspension volume shall be 30 billion cubic feet of natural gas per lease. Such relief shall be in addition to any other royalty relief under any other provision applicable to the lease that does not specifically grant a gas hydrate production incentive. Such royalty suspension volume shall be applied to any eligible production occurring on or after the date of publication of the advanced notice of proposed rulemaking.

(4) **LIMITATION.**—The Secretary may place limitations on royalty relief granted under this section based on market price.

(c) **APPLICATION.**—This section shall apply to any eligible lease issued before, on, or after the date of enactment of this Act.

(d) **RULEMAKINGS.**—

(1) **REQUIREMENT.**—The Secretary shall publish the advanced notice of proposed rulemaking within 180 days after the date of enactment of this Act and complete the rulemaking

implementing this section within 365 days after the date of enactment of this Act.

(2) **GAS HYDRATE RESOURCES DEFINED.**—Such regulations shall define the term “gas hydrate resources” to include both the natural gas content of gas hydrates within the hydrate stability zone and free natural gas trapped by and beneath the hydrate stability zone.

(e) **REVIEW.**—Not later than 365 days after the date of enactment of this Act, the Secretary, in consultation with the Secretary of Energy, shall carry out a review of, and submit to Congress a report on, further opportunities to enhance production of natural gas from gas hydrate resources on the outer Continental Shelf and on Federal lands in Alaska through the provision of other production incentives or through technical or financial assistance.

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